

Diversity and inclusion at Freshfields

UK pay gap report

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Freshfields Bruckhaus Deringer



Freshfields' pay gap report has become an important part of our wider efforts to increase transparency and engage in genuine conversations about diversity and inclusion.

2020 was an unprecedented year, framing our collective experiences and highlighting the importance of diversity and inclusion more than ever. While events have shown the inequity and challenges that exist, they also provide an opportunity to accelerate change.

Over the past four years, Freshfields' pay gap report has become an important part of our wider efforts to increase transparency and engage in genuine conversations about diversity and inclusion, within our firm and wider communities. This year, in addition to gender and ethnicity, we are reporting on both sexual orientation and disability for the first time. While we recognise the limitations of reporting on smaller populations within the firm and relying on incomplete data (given it is provided on a voluntary basis), we strongly believe this wider reporting is a necessary step towards creating an inclusive and representative work environment where all our people are proud to belong and feel confident they can excel.

Where pay gaps exist, we know that changes still need to be made. We continue to interrogate our pay gaps to understand the causes and, where appropriate, to design, apply and monitor strategic interventions to achieve positive progress and equity. Some examples include: the fifth successful

year of our Global Sponsorship Programme – supporting our female talent on their career journey; the third cohort of participants in our [global reverse mentoring programme](#); race fluency training for partners and colleagues; the continued training of our 160+ [mental health first aiders](#) in the UK; and the array of events championed by our employee networks – independently and in collaboration with each other – to celebrate intersectionality.

We continue to take active steps to embed inclusive behaviour across our business to promote tangible and long-term change. With the recent launch of our [new global diversity and inclusion commitments and targets](#), we have set clear goals for us to aim for and hold ourselves accountable to. Importantly, these are not a finish line, but rather a marker to collectively work towards and, ultimately, to exceed.

Despite the changes and challenges brought by the COVID-19 pandemic, including moving to a remote working environment, we remain focused on helping to ensure all our people feel seen and heard. This report shares the experiences of our people and insights on how they Belong, Engage and Excel at Freshfields.



Wendela Von Munching
Chief HR Officer



Olivia Balson
Global Centre Director



Claire Wills
London Managing Partner

Understanding the pay gap

What is pay gap reporting?

A pay gap shows the difference in the average pay between two groups in a workforce (eg men and women), regardless of job role or seniority.

How is it different to equal pay?

Equal pay is different – it deals with any pay differences between men and women who carry out equal work.

The equal pay legislation is specific to gender, and it is unlawful to pay women less than men in those circumstances unless there is a material reason that is not related to gender. Other discrimination legislation also makes it unlawful to pay someone less because of their race or ethnic origin, and other characteristics are also protected, including disability and sexual orientation.

Who in the firm is included in the data?

We report the employee gender pay gap for employees in Freshfields Service Company, as well as voluntarily reporting our overall pay for the whole firm, including partners, consultants and employees (Freshfields Service Company and Freshfields Bruckhaus Deringer LLP). We also report separately for the LLP.

There is no specific guidance as to how to calculate the pay gap for our partners, and therefore we have used a comparable methodology to previous years to ensure consistency.

Overall gender pay gap

Understanding the numbers

The firm's overall gender pay gap decreased in 2020 compared to 2019 across all measures. The overall reductions were driven by a number of factors including an increase in the number of female partners at the top end of the lockstep, our model of partner compensation, where those who have served in the partnership longer are typically more highly remunerated.

For context, 23 per cent of our UK partners were women at the time this data was recorded.

It should be noted that for partners we have only referenced pay data in our overall numbers, as partners do not have an equivalent bonus plan when compared to employees.

Gender pay gap including partners

	2018	2019	2020
Difference in mean hourly rate of pay	57.6%	57.2%	54.5%
Difference in median hourly rate of pay	18.4%	24.2%	16.8%

Gender pay gap for partners

(covering LLP members and consultants held out as partners)

	2018	2019	2020
Difference in mean hourly rate of pay	18.3%	10.4%	2.4%
Difference in median hourly rate of pay	20.6%	13.3%	-6.7%

Gender pay gap for employees

The numbers on the right reflect all UK employees of Freshfields Service Company, a subsidiary of Freshfields Bruckhaus Deringer LLP, which includes both our London and Manchester offices.

Understanding the numbers

Our 2020 employee gender pay and bonus gaps all decreased compared to 2019. Female employees received a greater mean hourly rate of pay than male employees in 2020 and there is no gap on median bonus pay. Men continued to receive a greater median hourly rate of pay and mean bonus pay, although in both cases the gaps have reduced.

A higher proportion of women received a bonus in 2020 compared to 2019 and compared to their male colleagues in 2020.

Our pay gap continues to be predominantly driven by the distribution of women and men across different types of roles and those at different levels in the organisation.

Gender pay and bonus pay gaps

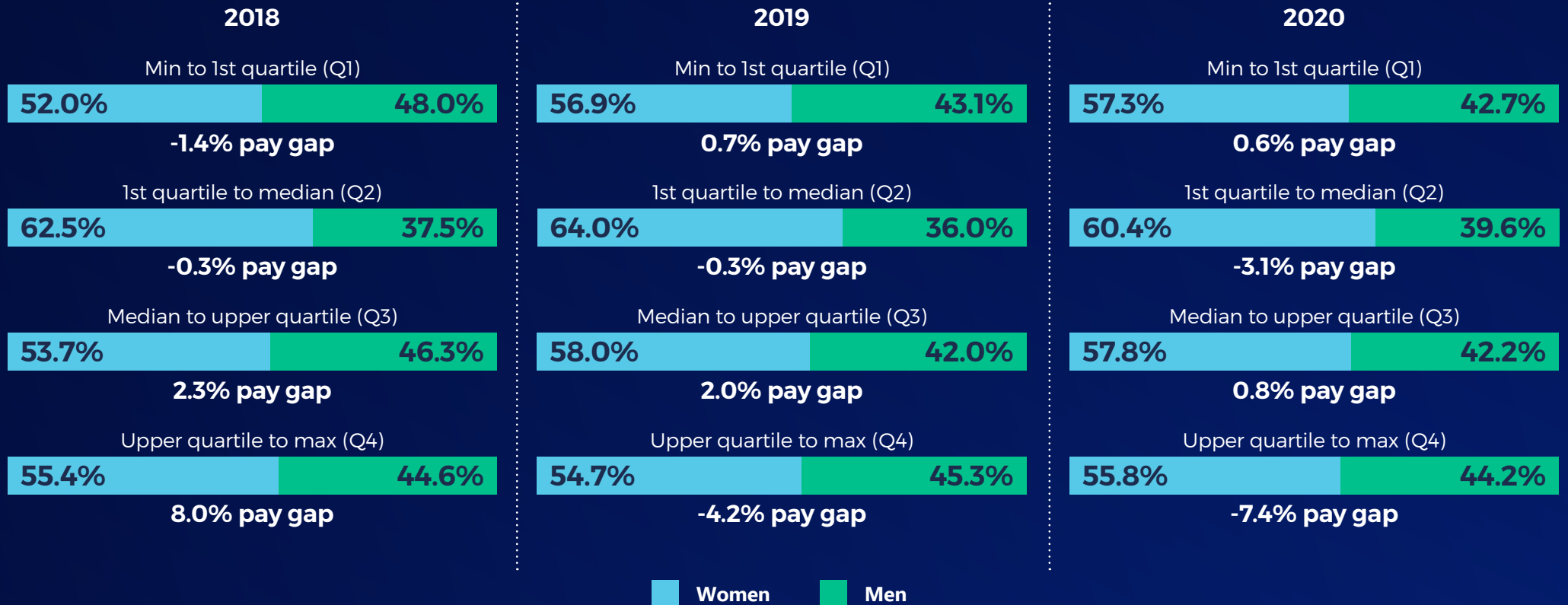
	2018	2019	2020
Difference in mean hourly rate of pay	5.7%	3.8%	-1.1%
Difference in median hourly rate of pay	6.2%	7.8%	3.9%
Difference in mean bonus pay	32.7%	7.1%	2.4%
Difference in median bonus pay	26.5%	23.1%	0.0%

Proportion of women and men employees who received bonus pay

	2018	2019	2020
Women	55.4%	51.8%	60.3%
Men	53.5%	54.1%	58.6%

Gender pay gap for employees

Quartile data



Understanding the numbers

All quartiles show a change in favour of women relative to last year's results.

The split in men and women across all quartiles reflects the overall demographic of Freshfields Service Company (43 per cent men/57 per cent women), with slightly more women in Q2 and fewer in Q4. However, where there is a variance in the quartiles from the overall demographic of Freshfields Service Company, in reality the variance is driven by a very small number of people.

Gender pay gap for trainees and associates

Understanding the numbers

The 2020 mean gender pay gap has decreased for trainees and associates when compared to the 2019 figure, as has the median bonus gap. The median pay gap has increased driven by more male associates at the higher end of our career framework grid than females. Our trainees do not influence the data as they are paid equally.

There is only a very slight difference for the associate group in the proportion of men and women who receive a bonus. In 2020, 59 per cent of men and 60 per cent of women were paid a bonus.

Trainees and newly qualified associates were not eligible for bonuses and are not included in the proportion of men and women who received bonus pay in the voluntary bonus data.

For context, 94 per cent of our people who work part-time were women at the time of data recording (business services, trainees and associates combined), which impacts the overall numbers.

Gender pay and bonus pay gaps

	2018	2019	2020
Difference in mean hourly rate of pay	3.2%	3.2%	2.4%
Difference in median hourly rate of pay	0.6%	-0.1%	6.5%
Difference in mean bonus pay	23.5%	8.5%	9.4%
Difference in median bonus pay	19.4%	21.9%	6.7%

FTE bonus gap as a percentage of FTE salary

	2018	2019	2020
Difference in mean bonus pay	17.0%	-0.2%	3.7%
Difference in median bonus pay	6.3%	3.9%	6.7%

Gender pay gap for business services

Understanding the numbers

The gender pay gap for business services staff continued to be negative in favour of women in 2020, for both the mean and median hourly rate of pay. This trend is mirrored in the mean level of bonus pay, with a sizable 15 per cent shift towards women from the 2019 results. The median level of bonus pay has also followed the same trend and is 20 per cent lower than 2019. These numbers are driven by the fact we have several senior women within business services.

For context, 94 per cent of our people who work part-time were women at the time of data recording (business services, trainees and associates combined), which impacts the overall numbers.

The proportion of men and women who received a bonus was 69 per cent of men compared to 66 per cent of women.

Gender pay and bonus pay gaps

	2018	2019	2020
Difference in mean hourly rate of pay	-0.3%	-4.3%	-9.0%
Difference in median hourly rate of pay	-14.2%	-8.5%	-6.6%
Difference in mean bonus pay	32.9%	-4.2%	-19.3%
Difference in median bonus pay	2.0%	28.7%	8.8%

FTE bonus gap as a percentage of FTE salary

	2018	2019	2020
Difference in mean bonus pay	12.2%	-18.8%	-26.3%
Difference in median bonus pay	8.5%	0.0%	0.0%

Overall ethnicity pay gap

Understanding the numbers

For context, 21 per cent of our UK partners and employees identified as Black, Asian, Minority Ethnic (BAME) at the time this data was recorded (as a percentage of those who chose to disclose their ethnicity). We understand the limitations of reporting on multiple ethnic groups together, and recognise differences across and within these groups, but given the size of populations and for consistency and transparency are reporting collectively this year.

This statistic is based only on those individuals who voluntarily share their diversity data with us. We have worked to increase our response rate this year from 70 per cent in 2019 to 79 per cent in 2020. This includes 3 per cent who responded but chose not to disclose their ethnicity.

As a result, the pay gap data for 2020 is based on more robust data, but it is difficult to compare to 2019 data as our calculations only include those who share their ethnicity data with us. Therefore, the per cent figures in this section are proportions of the relevant population who responded and chose to disclose their ethnicity.

The overall ethnicity pay gap has decreased this year for our overall pay gap including partners, but also for partners specifically.

In our UK partnership, 7 per cent of those who responded and chose to disclose their ethnicity identify as BAME, and we have relatively few senior BAME partners.

Ethnicity pay gap including partners

	2018	2019	2020
Difference in mean hourly rate of pay	58.3%	66.4%	59.5%
Difference in median hourly rate of pay	12.2%	17.8%	12.8%

Ethnicity pay gap for partners

(covering LLP members and consultants held out as partners)

	2018	2019	2020
Difference in mean hourly rate of pay	33.4%	32.9%	30.0%
Difference in median hourly rate of pay	44.7%	60.0%	56.3%

We have used the same overall methodology for our ethnicity pay reporting as we have for our gender pay report. Where partners are included, we have only referenced pay data, as partners do not have an equivalent bonus plan when compared to employees.

Ethnicity pay gap for employees

Understanding the numbers

Our ethnicity pay and bonus gaps for employees have decreased, except for the median pay gap which has increased by 0.2 per cent. The pay gap is predominately driven by the under-representation of BAME colleagues in higher earning roles within the firm.

As highlighted last year, we have a strong pipeline in our legal population and are focused on retaining and developing our BAME talent across all roles.

The proportion of both non-BAME and BAME employees receiving bonuses in 2020 increased compared with 2019, although fewer BAME employees received a bonus compared to non-BAME colleagues. This gap is driven by the diversity of our trainee population, who are not eligible to receive a bonus.

Ethnicity pay and bonus pay gaps for employees

	2018	2019	2020
Difference in mean hourly rate of pay	12.1%	19.9%	15.5%
Difference in median hourly rate of pay	7.3%	8.9%	9.1%
Difference in mean bonus pay	18.9%	57.8%	48.4%
Difference in median bonus pay	0.0%	16.9%	16.7%

Proportion of non-BAME and BAME employees who received bonus pay

	2018	2019	2020
Non-BAME	58.0%	60.1%	68.1%
BAME	44.7%	37.6%	48.4%

Ethnicity pay gap for employees

Ethnicity	2018		2019		2020	
	BAME	Non-BAME	BAME	Non-BAME	BAME	Non-BAME
Min to 1st quartile (Q1)	19.0%	81.0%	29.4%	70.6%	30.4%	69.6%
1st quartile to median (Q2)	18.7%	81.3%	18.1%	81.9%	22.1%	77.9%
Median to upper quartile (Q3)	20.9%	79.1%	17.7%	82.3%	19.7%	80.3%
Upper quartile to max (Q4)	13.6%	86.4%	18.4%	81.6%	18.9%	81.1%

Disability pay gap for employees and partners

We have used the same overall methodology for our disability pay reporting as we have for our gender pay report.

Understanding the numbers

This is the first year that the firm has reported the disability pay gap for its employees and partners.

For context, 8 per cent of our partner and employee population in the UK identified as disabled at the time this data was recorded (as a percentage of those who chose to disclose).

This statistic is based only on those individuals who voluntarily share their diversity data with us. Overall, 70 per cent of colleagues responded, including 2 per cent who chose not to disclose whether or not they have any disability. The per cent figures in this section are proportions of the relevant population who have declared.

There is a pay gap in favour of non-disabled colleagues. Given the size of the population, it is difficult to draw any strong patterns from the data. Only a very small number of partners and senior colleagues have disclosed a disability, which has a significant impact on the pay gap figures that we are able to report.

Disability pay gaps including partners

	2020
Difference in mean hourly rate of pay	65.4%
Difference in median hourly rate of pay	8.9%

Sexual orientation pay gap for employees and partners

We have used the same overall methodology for our sexual orientation pay reporting as we have for our gender pay report.

Understanding the numbers

This is the first year that the firm has reported the sexual orientation pay gap for its employees and partners.

For context, 8 per cent of our partner and employee population in the UK identified as LGBT+ at the time this data was recorded (as a percentage of those who chose to disclose). We recognise that gender identity is distinct from sexual orientation and so is not included in these calculations.

As above, this statistic is based only on those individuals who voluntarily share their diversity data with us. Overall, 74 per cent of colleagues responded, including 4 per cent who chose not to disclose their sexual orientation. The per cent figures in this section are proportions of the relevant population who have responded and chosen to disclose.

There is a pay gap in favour of non-LGBT+ colleagues. However, as with the disability data, given the size of the disclosed population it is difficult to draw any strong patterns from the data. The percentage of partners who identify as LGBT+ is lower than our total population, which has an impact on the pay gap figures that we are able to report.

Sexual orientation pay gaps including partners

	2020
Difference in mean hourly rate of pay	49.4%
Difference in median hourly rate of pay	19.3%

Committed to a diverse and inclusive future

At Freshfields we are focused on continuing to enhance our diversity and inclusion efforts, to ensure that everyone feels they can Belong, Engage and Excel at work. Here are a few examples of how we are turning these priorities into tangible actions.

Graduate recruitment

We are committed to finding talented individuals to join our firm from the widest talent pool and have a wide range of activities, programmes and interventions to ensure we achieve this.

“ I really enjoy participating in graduate recruitment activities and reaching a wide range of people. Through the use of social media, the Freshfields Stephen Lawrence Scholarship and partnerships with organisations such as Rare Recruitment and Aspiring Solicitors, we are able to connect with a wider pool of talent. Hopefully, these efforts and further initiatives will have a long-lasting impact and foster an application process in which people from all walks of life can thrive.

Harriet Ohemeng, Trainee

Global Sponsorship Programme (GSP)

We want to ensure we increase the representation of women in senior legal roles at the firm. Our Global Sponsorship Programme provides women lawyers access to coaching, training and, most importantly, sponsorship to ensure they have the platform to excel.

“ The GSP is about providing tools and connections to empower you to take responsibility for what happens next in your career. The programme includes sponsorship; coaching and training from different perspectives, to help you to develop your own personal brand with authenticity and authority; and demystification of the partnership process. It also connects you to women across the firm, to share insights and experiences, and to build a network for the future.

Lucy Clark, Senior Associate

Committed to a diverse and inclusive future

Leadership and engagement

Many colleagues across the UK are engaged in our diversity and inclusion efforts via committees, working groups and our affinity networks, which are helping drive change across and within teams.



I really enjoy being part of the Manchester business services D&I working group, which is made up of representatives from across functions and the employee networks. This holistic approach allows for greater intersectionality across all facets of difference, helping us to work towards an inclusive culture for all. Being involved in this group is just one way I try to role model inclusive leadership, as well as in my day-to-day role as a people manager and HR professional.

Sophie Cowen, HR, Manchester

In each of our practice groups and in business services, we have senior leaders who help to drive our race and ethnicity strategy within their teams.



As strategic lead for business services, I have found my conversations with colleagues from different backgrounds genuinely inspiring, challenging and motivating. While through that role I am at times taken out of my comfort zone, I can see the impact of the shared sense of purpose that it can foster. I am excited to translate our ambitions into action for London business services, making a tangible difference to people of diverse backgrounds and helping to embed a welcoming, positive culture.

Mark Higgs, COO, London



Strategic leads are part of our recognition that diversity and inclusion needs specific and sustained attention. In my team, recent training focused on raising awareness, including creating the conditions to have conversations that might be uncomfortable but are necessary. It can be a shock to realise the impact of unconscious bias and microaggressions on colleagues, and all too easy to imagine unwittingly saying or doing things that make our team members feel less welcome.

I'm excited to be part of creating the conditions on the ground to help us meet and go beyond our diversity and inclusion targets.

Alex Potter, Partner

Committed to a diverse and inclusive future

Reverse mentoring

Sharing experiences and perspectives is key to helping us build an inclusive work environment. This is why we are particularly passionate about our reverse mentoring programme, which has grown for the third year, as it provides the opportunity for our junior colleagues to mentor our senior leaders.



The programme was unique in that instead of a junior just being mentored by a senior, both parties were able to learn from one another and seek each other's advice. This was hugely beneficial for me as it opened up a wide range of career-related discussions that may not have occurred in a traditional mentoring relationship. It meant we were also able to share our different perspectives on life at the firm.

Selina Pope, Associate

Agile working

This year has highlighted the importance of being able to adapt and be flexible in the way we work together to deliver for clients. We know that the future of work will look very different and we are making sure we are best placed to support our people.



We know that agile working will continue to be a priority for many and our new working policy – an agile blend of where we work – offers flexibility for our people without compromising the needs of our business and our clients. Our guidance follows feedback from colleagues who signalled a clear preference for more flexibility but also recognises the importance of in-person interaction to our culture, personal development and client engagement. Our HR policies are linked to our diversity and inclusion priorities, helping us bring out the best in our people, attract and retain talent and provide opportunities for all our people to develop.

Sharon Ives, Interim Head of HR for the UK and MENA

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